

Kentucky Power Company

REQUEST

Please explain the nature and purpose of the "ECAR" Association Due charges of \$66,958 shown in the response to KPSC-1-30b, page 5.

RESPONSE

The ECAR Association due charges of \$66,958 pay for the operational expenses (payroll, staff, meeting expenses) of ECAR, which is a regional reliability organization. ECAR fosters the reliability of the bulk transmission system, studies industry standards and enforces standards across it's region.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

With regard to expenses included in the test year associated with the Edison Electric Institute (EEI), please provide the following information:

- a. Total EEI expenses booked in the test year.
- b. Breakout (in percentages) of the various EEI activities performed on behalf of its members (e.g., legislative advocacy, legislative policy research, regulatory advocacy, regulatory policy research, advertising, marketing, utility operations & engineering, finance, legal, planning & customer service, public relations, etc.)
- c. EEI-sponsored descriptions of the nature and purpose of the various functional activities listed in part b above.

RESPONSE

- a. Kentucky Power's total EEI expenses booked in the test year total \$123,441.77 of which \$76,502.77 is included in O&M expense. Please see attached Page 2 for details.
- b. Please see attached page 3.
- c. Please see attached pages 4 through 8.

WITNESS: Ranie Wohnhas

Vendor - Edison Electric Institute							
Description	Date Paid	Total Invoice	KPCo Portion				KPCo Total
			O&M Acct	\$'s	non-O&M Acct	\$'s	
Spring workshop registration fee	Jan-05	\$ 695.00	907	\$ 24.11			\$ 24.11
Spring workshop registration fee	Jan-05	\$ 695.00	907	\$ 24.11			\$ 24.11
Spring workshop registration fee	Jan-05	\$ 695.00	907	\$ 24.11			\$ 24.11
Typical Bill and Average Rate Reports	Nov-04	\$ 70.00	921	\$ 1.45			\$ 1.45
2005 UARG participation	Mar-05	\$ 415,493.00	506	\$ 18,566.12			\$ 18,566.12
ET-Manuals MASS	Aug-04	\$ 74.78	923	\$ 1.53			\$ 1.53
ET-Manuals MASS/MOSS	Aug-04	\$ 209.27	923	\$ 4.29			\$ 4.29
ET-SO/PD Tests	Aug-04	\$ 406.60	923	\$ 8.33			\$ 8.33
ET-Manuals MASS	Aug-04	\$ 38.71	923	\$ 0.79			\$ 0.79
Oct 2004 Finance conf web cast fee	Aug-04	\$ 2,000.00	921	\$ 71.57			\$ 71.57
2004 Republican Convention	Sep-04	\$ 295.32			426.4	\$ 10.64	\$ 10.64
ET-SO/PD Tests	Sep-04	\$ 561.96	923	\$ 11.51			\$ 11.51
ET-Manuals Testing Administrator	Sep-04	\$ 21.50	923	\$ 0.44			\$ 0.44
ET-Testing Manuals ITIP	Sep-04	\$ 32.57	923	\$ 0.67			\$ 0.67
ET-Practice Tests/License Fee	Nov-04	\$ 980.00	923	\$ 20.34			\$ 20.34
ET-Sponsor Support TECH	Nov-04	\$ 24,480.00	923	\$ 508.12			\$ 508.12
2005 Membership dues	Jan-05	\$ 75,838.00	930	\$ 52,512.80	426.4	\$ 23,325.20	\$ 75,838.00
ET-SO/PD Tests	Nov-04	\$ 264.00	923	\$ 5.48			\$ 5.48
ET-Manuals Testing Administrator	Nov-04	\$ 47.66	923	\$ 0.99			\$ 0.99
ET-SO/PD Tests	Nov-04	\$ 700.35	923	\$ 14.54			\$ 14.54
ET-SO/PD Tests	Nov-04	\$ 700.80	923	\$ 14.55			\$ 14.55
MASS Testing Materials	Dec-04	\$ 515.75	923	\$ 10.71			\$ 10.71
ET-SO/PD Tests	Nov-04	\$ 2,050.57	921	\$ 42.56			\$ 42.56
2005 Inaugural program (Jan 18-20, 2005)	Nov-04	\$ 10,000.00			426.4	\$ 360.16	\$ 360.16
Shipping Charges for Selection Documents	Dec-04	\$ 59.68	923	\$ 1.24			\$ 1.24
Fests/Online Brochure/2005 License Fee	Dec-04	\$ 2,950.00	923	\$ 61.23			\$ 61.23
Job Analysis Participation-Tech	Dec-04	\$ 5,000.00	923	\$ 103.78			\$ 103.78
Wal-Mart Supplier Expo	Dec-04	\$ 500.00	907	\$ 17.44			\$ 17.44
ET-Sponsor Support CADI	Dec-04	\$ 22,860.00	923	\$ 474.50			\$ 474.50
ET-CADI Manuals/Workbooks	Dec-04	\$ 170.00	923	\$ 3.53			\$ 3.53
ET-Sponsor Support TECH	Dec-04	\$ 24,480.00	923	\$ 508.12			\$ 508.12
ET-Sponsor Support TECH	Dec-04	\$ 24,480.00	923	\$ 508.12			\$ 508.12
ET-Manuals Testing Administrator	Mar-05	\$ 81.40	921	\$ 1.90			\$ 1.90
ET - Manuals CSR	Mar-05	\$ 97.80	923	\$ 2.17			\$ 2.17
USWAG membership dues	May-05	\$ 78,889.00	506, 930	\$ 2,951.62			\$ 2,951.62
Vol participation on Environmental Issues	Aug-04	\$ 500,000.00			426.4	\$ 23,243.00	\$ 23,243.00
				\$ 76,502.77		\$ 46,939.00	\$ 123,441.77

**Edison Electric Institute
Schedule of Expenses by NARUC Category
For Core Dues Activities
For the Year Ended December 31, 2004**

KPSC Case No. 2005-00341
AG 1st Set Data Requests
Item No. 79 b
Page 3 of 8

<u>NARUC Operating Expense Category</u>	<u>% of Dues</u>
Legislative Advocacy	23.40%
Legislative Policy Research	5.79%
Regulatory Advocacy	15.84%
Regulatory Policy Research	13.40%
Advertising	1.88%
Marketing	4.77%
Utility Operations and Engineering	8.13%
Finance, Legal, Planning and Customer Service	18.96%
Public Relations	7.83%
Total Expenses	<u>100.00%</u>

Comments:

- * The above percentages represent expenses associated with EEI's core dues activities, based on the operating expense categories established by NARUC. Core expenses are those expenses paid for by shareholder-owned electric utilities' dues.
- * The legislative advocacy percent will differ slightly for IRS reporting requirements. For 2004, the lobbying % for IRS reporting is 20.5%.
- * Administrative expenses are included in the percentages listed above. Approximately 11% of EEI's core dues expenses are administrative.

Edison Electric Institute
Audit Definitions of Accounts Used
For NARUC Reporting Requirement

LEGISLATIVE ADVOCACY (LA) - EEI defines the term "legislative advocacy" consistent with the definition of the term "lobbying" in IRC Section 162 (e). Title 26 USC 162 (e) (see Page I-4)

LEGISLATIVE POLICY RESEARCH (LP) - The cost of all efforts spent on research or the preparation of general or specific background information, studies, or analysis of proposed or potential legislation to determine its scope and potential impact, for use by EEI or its member companies. This account shall also include the cost of researching and responding to ALL inquiries regarding the potential impact, proper implementation, or effect of proposed or potential legislation but shall not include costs for legislative advocacy.

Legislative Policy Research begins when resources are expended for the purposed described in the above areas.

REGULATORY ADVOCACY (RA) - The cost of all written and oral communications with Federal or State regulatory agencies intended to influence the actions of such agencies and the cost of other expenditures which contribute in a general manner to furthering an EEI or member company position on a regulatory or administrative matter.

REGULATORY POLICY RESEARCH (RP) - Includes all costs divided into the following categories:

- (1) **Federal** - The cost of studying and responding to notices of inquiry or proposed Federal rulemaking or administrative or regulatory proceedings, including the filing of comments on proposed regulatory or administrative actions; discussions with federal regulatory agencies to determine the status or timing of activities, or procedures of the agencies; the preparation of general or specific background information, studies or analysis, for use by EEI or its member companies to determine the scope and potential impact of proposed, or potential federal regulatory or administrative action; the cost of researching and responding to **ALL** inquiries regarding the potential impact, proper implementation, or effect of, proposed or potential federal regulatory or administrative actions; and the cost of monitoring existing federal government programs.
- (2) **State** - All direct and indirect costs which are incurred for the purpose of an EEI or member company response to a State notice of inquiry or proposed State rulemaking or administrative, or regulatory proceeding, including the filing of comments on proposed regulatory, or administrative actions.

ADVERTISING (A1) - All costs, including costs of development (both direct and indirect), of paid and public service advertising in newspapers, magazines, radio, television and billboards and similar displays.

Advertising costs include the following categories:

- (1) **Conservation** -Identifies conservation techniques, benefits, demonstrates conservation methods including peak clipping, valley filling or load shifting;
- (2) **Safety** - Promotes safety, e.g., informing customers of hazards;
- (3) **Customer education** - Informs about ways to reduce costs; promotes use of efficient appliances; promotes efficient use of utility service; optional payment plans; financial assistance, etc.
- (4) **Legally required** - Is required by law or other governmental requirement;
- (5) **Promotes consumption** - Promotes continued or increased sales; i.e., maintaining or increasing sales to present or prospective customers;
- (6) **Institutional** - Enhances the image of EEI or of the utility industry as a business entity;

MARKETING AND DEMAND SIDE MANAGEMENT (M1) - The cost of all efforts (with the exception of advertising) to influence the demand for or sales of electricity. This account shall include the cost of research, publications, conferences, training sessions, meetings with trade allies, committee meetings or other efforts undertaken for the purpose of influencing the demand for or sales of electricity. Demand Side Management and marketing costs include the following:

- (1) **Strategic Conservation** - expenses related to exploration, development, analysis and implementation of means by which load shape might be modified by a reduction in sales as well as a change in the pattern of use;
- (2) **Peak Clipping** - expenses related to explorations, development, analysis and implementation of means by which load shape might be modified by the reduction of peak load;
- (3) **Valley Filling** - expenses related to exploration, development, analysis and implementation of means by which load shape might be modified by increasing off-peak loads.
- (4) **Load Shifting** - expenses related to exploration, development, analysis and implementation of means by which load shape might be modified by shifting loads from on-peak to off-peak periods;
- (5) **Strategic Load Growth** - expenses related to exploration, development, analysis and implementation of means by which load shape might be modified by a general increase in sales;
- (6) **Flexible Load Shape** - expenses related to exploration, development, analysis and implementation of means by which load shape might be modified temporarily.

UTILITY OPERATIONS AND ENGINEERING (UE) - The cost of collecting and providing information on utility operations and engineering issues to member companies, other utilities, and other utility organizations. For purposed of this definition, operations and engineering shall include engineering and standards, fossil and synfuels, nuclear power, and environment. This category shall not include costs for activities related to legislative advocacy or research, regulatory advocacy or research, surveys and analysis of State laws and regulation, public relations, or litigation.

FINANCE, LEGAL, PLANNING, AND CUSTOMER SERVICE (FL) - The cost of collecting and providing information on finance, legal and planning issues to member companies, other utilities and other utility organizations.

For purposes of this definition, finance, legal and planning shall include accounting, finance and regulation, legal, strategic planning, human resource management, information and administration, and information systems and library services. Customer Service and Support Information include expenses relating to the acquisition, compilation, categorization and dissemination of information useful in the improvement of the quality and value of service rendered to customers.

This category shall not include costs for activities related to legislative advocacy, legislative policy research, regulatory advocacy, regulatory policy research, surveys and analysis of State laws and regulation, sales promotion, public relations or litigation.

PUBLIC RELATIONS (PR) - The cost of developing and promoting reciprocal understanding and goodwill between EEI or its member companies and the various publics with which they interact including but not limited to the cost of developing and advancing an EEI or member company relationship or position with the media and the costs associated with responding to media inquiries. Public Relations shall include the costs associated with public opinion research which seeks to enhance the image of EEI, its member companies, or of the utility industry as a business entity or otherwise seeks to influence public opinion on matters not relating to legislative or regulatory issues.

The cost of public relations shall also include the costs associated with EEI employee time charges for time donated to outside organizations other than EEI member companies and any other expenses whose ultimate purpose is to develop goodwill or enhance the image of EEI, its member companies, or of the utility industry as a business entity, which do not more properly relate to other categories.

GENERAL AND ADMINISTRATIVE (GA) - Administrative expenses (subscriptions, membership fees to professional organizations, travel, etc.) for all divisions, except the Administrative and Treasury Division (A&T), and the Human Resource Department (HR) were allocated to the various NARUC categories in proportion to direct salary dollars within the respective divisions. Administrative expenses in the A&T Division were allocated in proportion to direct salary dollars.

OVERHEAD (OO) - Corporate-wide expenses allocated to the various NARUC categories in proportion to total company direct salary dollars. Overhead consists primarily of General Office (rent, depreciation, communications, maintenance, office supplies, postage, insurance, etc.) expenses.

Kentucky Power Company

REQUEST

With regard to Mr. Bethel's testimony page 6, lines 1 – 8, please provide the following information:

- a. Provide the current status of the referenced settlement discussions. If a settlement has been reached at this time or is expected to be reached shortly, please provide the impact of this settlement on the information shown on Section V, S-4, page 39 and Exhibit DWB-1.
- b. Provide the impact on the information shown on Section V, S-4, page 39 and Exhibit DWB-1 of assuming the use of the rates proposed by AEP to become effective on April 1, 2006.

RESPONSE

- a. A settlement agreement in Docket No. ER05-751-000 was filed on November 8, 2005.
- b. See response to KIUC request, First Set No. 71.

WITNESS: Dennis W Bethel

Kentucky Power Company

REQUEST

With regard to Mr. Bethel's testimony page 8, lines 3 – 14, please provide a more comprehensive explanation, in more detail than reflected on lines 7 – 12, as to why the AEP Zone, effective 4/1/06, will lose annual transmission revenues of \$170 million (and KPCo \$9.6 million) without being able or being given the opportunity to fully compensate for this revenue loss through the implementation of alternative revenue sources.

RESPONSE

See the FERC's Order On Transmission Rate Proposals in Docket No. EL04-135 which is attached to the Response to KIUC First Set, Item No. 68. See also the Orders of the FERC in Docket No. EL02-111, EL03-212, ER05-6 and related Dockets which are available on the FERC website at www.ferc.gov.

WITNESS: Dennis W Bethel

Kentucky Power Company

REQUEST

With regard to Mr. Bethel's testimony page 9 lines 9 through 13, please provide the following information:

- a. Re. lines 9-10: explain where the "transmission rate case you discussed earlier" was discussed in Mr. Bethel's testimony and what the exact mitigation impact of this transmission rate case has been on the data shown on Section V, S-4, page 39 and/or 33.
- b. Under the assumption that AEP's appeal of the FERC decision to eliminate T&O transmission charges will be successful, please identify the impact of this assumption on the data shown on Section V, S-4, page 39 and/or 33. In addition, provide the current status of this appeal and the expected date that a decision will be rendered in this appeal.

RESPONSE

- a. The transmission rate case "discussed earlier" is the same case, the impact of which, the A.G. inquires about in request No. 80. Refer to Bethel's testimony page 5, line 16 through Page 6, line 8.
- b. The impact of "success" in the case involving elimination of T&O transmission charges cannot be identified, as AEP is unable to estimate what action, if any, FERC might take to ameliorate this the error that AEP has alleged. The appeal is presently being held in abeyance, pending the outcome of hearings and settlement procedures in EL04-135, et. al. Further, AEP's request for rehearing and appeal do not stay the Commission's decision to eliminate T&O charges.

WITNESS: Dennis W Bethel

Kentucky Power Company

REQUEST

With regard to Mr. Bethel's testimony page 9, line 14 through page 20, line 2, please provide the following information:

- a. What is the current status of the AEP filing in the complaint proceeding, Docket No. EL05-121-000 to change the PJM transmission rate design?
- b. Under the assumption that AEP is successful in having its proposed change in the PJM transmission rate design approved and, with that, will be successful in obtaining post-SECA revenues under this regional rate proposal, what would be the resulting estimated annual incremental revenues and how would these incremental revenues impact the data currently shown on Section V, S-4, page 39 and/or 33?
- c. Provide the basis for, and all calculations in support of, the incremental revenues to be provided in response to part b above.
- d. When would a decision regarding the AEP's rate design proposal and the potential incremental revenues resulting from a successful outcome of this proceeding likely be rendered? Would this be before or around 4/1/04? And what is the basis for this expected decision date?

RESPONSE

- a. AEP has filed a proposal, and the case is presently in the Discovery phase with Answering testimony and exhibits due November 22, 2005.
- b. If AEP's proposal is approved, transmission customers in the AEP Zone could benefit from a net reduction in TCOS of up to approximately \$125 million per year. A competing proposal that would benefit AEP Zone customers substantially less has also been filed. AEP cannot estimate the outcome of the case.
- c. See page 2-5 of this response.
- d. See response to b. The case is on a Track II schedule and suggested timelines for such cases can be found on FERC's website. Initial filings were made by proponents of a change in rates on September 30, 2005.

WITNESS: Dennis W. Bethel

Summary of Regional Rate Design Analysis RTF Rate within PJM

Transmission Pricing Zones	Zonal Revenue Requirement	RTF Net Plant %	Zonal RTF Revenue Req. and Credit	RTF PJM Revenue Requirement %	2004 Zonal NSPL 1-CP (MW)	Zonal RTF Charges	Zonal Net RTF Charge or (Credit)	Net RTF % of Zonal RR
(1)	(2)	(3)	(4) = (2) x (3)	(5) = (4) / Total(4)	(6)	(7)=(6) x RTF Rate	(8) = (7) -(4)	(9) = (8) / (2)
American Electric Power	\$ 486,074,331	52.9767%	\$ 257,506,151	33.8967%	22,020.4	\$ 132,456,564	\$ (125,049,587)	-25.7%
Commonwealth Edison	\$ 271,535,847	53.5260%	\$ 145,342,358	19.1321%	19,838.9	\$ 119,334,460	\$ (26,007,898)	-9.6%
Dayton Power & Light	\$ 40,100,000	47.0274%	\$ 18,857,997	2.4824%	3,280.0	\$ 19,729,775	\$ 871,778	2.2%
Dominion Virginia Power Company	\$ 155,000,000	31.9780%	\$ 49,565,910	6.5246%	16,332.0	\$ 98,239,842	\$ 48,673,932	31.4%
Duquesne Light Company	\$ 30,767,631	44.4486%	\$ 13,675,767	1.8002%	2,646.0	\$ 15,916,154	\$ 2,240,387	7.3%
Subtotal PJM Expansion	\$ 983,477,809	48.9720%	\$ 484,948,183	63.8360%	64,117.3	\$ 385,676,795	\$ (99,271,388)	-10.1%
Allegheny Power	\$ 128,000,000	31.9999%	\$ 40,959,912	5.3917%	8,287.9	\$ 49,853,171	\$ 8,893,259	6.9%
Atlantic City Electric Company	\$ 44,552,519	8.3844%	\$ 3,735,442	0.4917%	2,453.9	\$ 14,760,638	\$ 11,025,196	24.7%
Baltimore Gas & Electric	\$ 93,045,818	38.1193%	\$ 35,468,404	4.6690%	6,267.0	\$ 37,697,103	\$ 2,228,699	2.4%
Delmarva Power & Light Company	\$ 59,230,905	10.7861%	\$ 6,388,715	0.8410%	3,636.2	\$ 21,872,380	\$ 15,483,665	26.1%
FirstEnergy (JCPL, Meted, Penelec)	\$ 141,000,000	15.8748%	\$ 22,383,478	2.9464%	10,688.3	\$ 64,291,997	\$ 41,908,519	29.7%
PECO Energy	\$ 151,703,000	30.1113%	\$ 45,679,758	6.0130%	7,567.0	\$ 45,516,831	\$ (162,927)	-0.1%
Potomac Electric Power Company	\$ 93,558,866	38.1957%	\$ 35,735,428	4.7040%	6,086.2	\$ 36,609,559	\$ 874,131	0.9%
PPL Group (PPL, AEC, UGI)	\$ 125,680,702	15.6819%	\$ 19,709,136	2.5944%	7,378.0	\$ 44,379,963	\$ 24,670,827	19.6%
PSE&G	\$ 158,694,375	40.0830%	\$ 63,609,546	8.3732%	9,428.9	\$ 56,716,486	\$ (6,893,060)	-4.3%
Rockland	\$ 11,785,928	9.0000%	\$ 1,060,733	0.1396%	383.0	\$ 2,303,812	\$ 1,243,079	10.5%
Subtotal Other PJM	\$ 1,007,252,113	26.1793%	\$ 274,730,552	36.1640%	62,176.4	\$ 374,001,940	\$ 99,271,388	9.9%
Total PJM	\$ 1,990,729,922	38.6238%	\$ 759,678,735	100.0000%	126,293.7	\$ 759,678,735		
RTF Rate in \$/MW-month					\$501.26			
Net charge		7.9%					\$ 158,113,472	7.9%

Regional Rate Design Analysis
Estimated PJM Net RTF Investments
December 31, 2004

Transmission Pricing Zones (1)	765 kV (2)	500 kV (3)	345 kV (4)	< 345 kV (5)	Estimated RTF Investment ¹ (6=2+3+4)	Total Net Plant (7)	RTF Net Plant % (8 = 6 / 7)
American Electric Power	\$952,951,252	\$15,514,085	\$321,745,552	\$1,145,219,850	\$1,290,210,889	\$2,435,430,739	52.9767%
Commonwealth Edison	\$66,908,540	\$0	\$697,838,329	\$663,991,401	\$764,746,870	\$1,428,738,271	53.5260%
Dayton Power & Light	\$0	\$0	\$103,177,037	\$116,220,561	\$103,177,037	\$219,397,598	47.0274%
Dominion Virginia Power Company	\$0	\$283,417,539	\$0	\$602,871,406	\$283,417,539	\$886,288,945	31.9780%
Duquesne Light Company	<u>\$0</u>	<u>\$0</u>	<u>\$75,796,860</u>	<u>\$94,730,305</u>	<u>\$75,796,860</u>	<u>\$170,527,165</u>	44.4486%
Subtotal PJM Expansion	\$1,019,859,793	\$298,931,623	\$1,198,557,777	\$2,623,033,524	\$2,517,349,194	\$5,140,382,718	48.9720%
Allegheny Power	\$0	\$160,423,759	\$0	\$340,901,569	\$160,423,759	\$501,325,328	31.9999%
Atlantic City Electric Company	\$0	\$20,790,877	\$0	\$227,181,402	\$20,790,877	\$247,972,279	8.3844%
Baltimore Gas & Electric	\$0	\$122,709,219	\$0	\$199,199,254	\$122,709,219	\$321,908,473	38.1193%
Delmarva Power & Light Company	\$0	\$31,562,926	\$0	\$261,062,522	\$31,562,926	\$292,625,448	10.7861%
FirstEnergy (JCPL, Meted, Penelec)	\$0	\$100,230,159	\$14,575,071	\$608,386,117	\$114,805,230	\$723,191,347	15.8748%
PECO Energy	\$0	\$157,765,879	\$0	\$366,176,410	\$157,765,879	\$523,942,289	30.1113%
Potomac Electric Power Company	\$0	\$137,530,391	\$0	\$222,537,703	\$137,530,391	\$360,068,094	38.1957%
PPL Group (PPL, AEC, UGI)	\$0	\$91,032,489	\$0	\$489,461,113	\$91,032,489	\$580,493,602	15.6819% ²
PSE&G	\$0	\$235,265,965	\$45,019,423	\$418,976,241	\$280,285,387	\$699,261,628	40.0830% ²
Rockland	<u>\$0</u>	<u>\$0</u>	<u>\$2,136,520</u>	<u>\$21,602,595</u>	<u>\$2,136,520</u>	<u>\$23,739,115</u>	9.0000% ²
Subtotal Other PJM	\$0	\$1,057,311,664	\$61,731,014	\$3,155,484,925	\$1,119,042,678	\$4,274,527,603	26.1793%
Total PJM	\$1,019,859,793	\$1,356,243,288	\$1,260,288,791	\$5,778,518,449	\$3,636,391,872	\$9,414,910,321	38.6238%

¹ SOURCE: 2004 FERC FORM 1(207.58.g) - (219.25.c)

² 2003 %s used in place of the 2004 FERC Form-1 percentages; see Exhibit AEP-203, page 3.

**Regional Rate Design Analysis
PJM Gross Transmission Line Investments
December 31, 2004**

Transmission Pricing Zones	765 kV Lines	500 kV Lines	345 kV Lines	< 345 kV Lines	RTF Line Investment ¹	Total Gross Line Investment ¹	2004 RTF Gross Plant %	2003 RTF Net Plant %
(1)	(2)	(3)	(4)	(5)	(6=2+3+4)	(7)	(8 = 6 / 7)	(9) from Pg 4
American Electric Power	\$834,868,704	\$13,591,696	\$281,877,264	\$1,003,312,824	\$1,130,337,664	\$2,133,650,488	52.9767%	52.2425%
Commonwealth Edison	\$43,678,262	\$0	\$455,552,687	\$433,457,227	\$499,230,949	\$932,688,176	53.5260%	52.0000%
Dayton Power & Light	\$0	\$0	90,044,552	\$101,427,882	\$90,044,552	191,472,434	47.0274%	47.3626%
Dominion Virginia Power Company	\$0	\$303,990,121	\$0	\$646,632,359	\$303,990,121	\$950,622,480	31.9780%	31.9727%
Duquesne Light Company	\$0	\$0	\$77,810,836	\$97,247,357	\$77,810,836	\$175,058,193	44.4486%	44.3839%
Allegheny Power (W. Penn, Mon, Pot)	\$0	\$160,423,759	\$0	\$340,901,569	\$160,423,759	\$501,325,328 ²	31.9999%	32.3777%
Atlantic City Electric Company	\$0	\$19,918,099	\$0	\$217,644,575	\$19,918,099	\$237,562,674	8.3844%	8.6400%
Baltimore Gas & Electric	\$0	\$99,542,993	\$0	\$161,592,504	\$99,542,993	\$261,135,497	38.1193%	38.2807%
Delmarva Power & Light Company	\$0	\$26,797,867	\$0	\$221,649,878	\$26,797,867	\$248,447,745	10.7861%	10.7800%
FirstEnergy (JCPL, Meted, Penelec)	\$0	\$100,419,743	\$14,602,640	\$609,536,872	\$115,022,383	\$724,559,255	15.8748%	16.0059%
PECO Energy	\$0	\$148,403,095	\$0	\$344,445,280	\$148,403,095	\$492,848,375	30.1113%	30.2609%
Potomac Electric Power Company	\$0	\$120,706,890	\$0	\$195,315,623	\$120,706,890	\$316,022,513	38.1957%	38.0000%
PPL Group (PPL, AEC, UGI)	\$0	85,245,156	\$0	\$151,887,538	\$85,245,156	\$237,132,694	35.9483% ⁴	15.6819%
PSE&G	\$0	\$236,044,801	\$45,168,457	\$420,363,241	\$281,213,259	\$701,576,500 ³	40.0830%	40.0830%
Rockland	\$0	\$0	\$2,000,000	\$2,000,000	\$2,000,000	\$4,000,000	50.0000% ⁴	9.0000%

¹ SOURCE: 2004 FERC FORM 1(423.L)

² AP provided detailed accounting information, see Workpaper AEP-203, page 5

³ Voltage split based on 2003 Net Plant

⁴ 2003 %s used in place of the 2004 FERC Form-1

**Regional Rate Design Analysis
PJM RTF by Voltage Class
from Docket EL02-111
2003 Net Plant**

Transmission Pricing Zones	765kV	500kV	345kV	< 345 kV	RTF Investment*	Total Net Plant	2003 RTF Net Plant %
(1)	(2)	(3)	(4)	(5)	(6=2+3+4)	(7)	(8 = 6 / 7)
American Electric Power	\$870,738,658	\$45,882,518	\$351,352,004	\$1,159,117,868	\$1,267,973,180	\$2,427,091,048	52.2425%
Commonwealth Edison	\$54,656,458	\$0	\$655,877,495	\$655,877,495	\$710,533,952	\$1,366,411,447	52.0000%
Dayton Power & Light	\$0	\$0	\$106,099,201	\$117,915,458	\$106,099,201	\$224,014,659	47.3626%
Dominion Virginia Power Company	\$0	\$275,973,176	\$0	\$587,179,991	\$275,973,176	\$863,153,167	31.9727%
Duquesne Light Company	<u>\$0</u>	<u>\$0</u>	<u>\$77,206,328</u>	<u>\$96,744,892</u>	<u>\$77,206,328</u>	<u>\$173,951,220</u>	44.3839%
Subtotal PJM Expansion	\$925,395,115	\$321,855,694	\$1,190,535,028	\$2,616,835,704	\$2,437,785,837	\$5,054,621,541	48.2288%
Allegheny Power	\$0	\$164,620,830	\$0	\$343,817,463	\$164,620,830	\$508,438,293	32.3777%
Atlantic City Electric Company	\$0	\$20,787,640	\$0	\$219,810,049	\$20,787,640	\$240,597,689	8.6400%
Baltimore Gas & Electric	\$0	\$108,950,679	\$0	\$175,659,023	\$108,950,679	\$284,609,702	38.2807%
Delmarva Power & Light Company	\$0	\$31,112,288	\$0	\$257,498,915	\$31,112,288	\$288,611,203	10.7800%
FirstEnergy (JCPL, Meted, Penelec)	\$0	\$100,691,791	\$14,642,200	\$605,236,727	\$115,333,991	\$720,570,718	16.0059%
PECO Energy	\$0	\$156,244,270	\$0	\$360,079,296	\$156,244,270	\$516,323,567	30.2609%
Potomac Electric Power Company	\$0	\$142,018,147	\$0	\$231,713,820	\$142,018,147	\$373,731,967	38.0000%
PPL Group (PPL, AEC, UGI)	\$0	\$89,789,849	\$0	\$482,779,722	\$89,789,849	\$572,569,571	15.6819%
PSE&G	\$0	\$236,044,801	\$45,168,457	\$420,363,241	\$281,213,259	\$701,576,500	40.0830%
Rockland	<u>\$0</u>	<u>\$0</u>	<u>\$2,156,647</u>	<u>\$21,806,102</u>	<u>\$2,156,647</u>	<u>\$23,962,749</u>	9.0000%
Subtotal Other PJM	\$0	\$1,050,260,297	\$61,967,304	\$3,118,764,358	\$1,112,227,601	\$4,230,991,959	26.2876%
Total PJM	\$925,395,115	\$1,372,115,990	\$1,252,502,332	\$5,735,600,062	\$3,550,013,438	\$9,285,613,500	38.2313%

* SOURCE: Docket EL02-111 Database of Company-Provided and 2003 FERC FORM 1 Data

Kentucky Power Company

REQUEST

Please provide a schedule showing where the actual test year NTS revenues of \$2,780,637 shown on Section V, S-4, page 33 and the actual PJM PTP transmission revenues shown on Section V, S-4, page 39 are reflected in the revenue/expense accounts in the response to KPSC-1-12.

RESPONSE

The actual test year revenues shown on Section V, S-4, Page 33, Column 3 and Section V, S-4, Page 39, Column 3 are in the accounts listed below and in KPSC-1-12.

NTS Revenues
Section V, S-4, Page 33

Account Number	Amount
4560013	669,275
4560058	2,111,362
Total	2,780,637

PJM PTP Transmission Revenues
Section V, S-4, Page 39

Account Number	Amount
4560013	2,120,206
4560058	301,235
4560060	1,448,788
4560068	6,304,128
4470015	75,508
Less:	
5570006	66,033
Total	10,183,832

WITNESS: Dennis W Bethel

Kentucky Power Company

REQUEST

Provide hard copies of all workpapers underlying the Depreciation Study prepared by Mr. James E. Henderson, and the demolition cost study upon which he bases certain recommendations.

RESPONSE

Hard copies of the depreciation study workpapers were provided in Kentucky Power's September 26, 2005 filing with the Kentucky Public Service Commission.

WITNESS: James E Henderson

Kentucky Power Company

REQUEST

Provide all information obtained by Mr. Henderson from Company operating personnel, and separately, financial management personnel, relative to current operations and future expectations in the preparation of the study.

RESPONSE

Any information obtained from Company operating personnel relative to the preparation of the depreciation is documented in the depreciation study and workpapers. No information was obtained from financial management personnel relative to the depreciation study.

WITNESS: James E Henderson

Kentucky Power Company

REQUEST

Please provide all notes taken during any meetings with Company personnel regarding the study. Identify by name and title all Kentucky Power Company ("Kentucky Power") personnel who provided the information, and explain the extent of their participation and the information they provided.

RESPONSE

There are no notes.

WITNESS: James E Henderson

Kentucky Power Company

REQUEST

Identify all plant tours taken during the preparation of the Depreciation Study.

- a. Identify those in attendance and their titles and job descriptions.
- b. Provide all conversation notes taken during the tour.
- c. Provide all photographs and images taken during the tour.

RESPONSE

No plant tours were taken during the study preparation.

WITNESS: James E Henderson

Kentucky Power Company

REQUEST

Provide all internal and external audit reports, management letters, and consultants' reports etc., which address in any way, the Company's property accounting and/or depreciation practices.

RESPONSE

For the period from 2002 through 2005, there were no internal or external audit reports, management letters or consultant reports which address Kentucky Power's property accounting and/or depreciation practices.

WITNESS: James Henderson

Kentucky Power Company

REQUEST

Please provide copies of all Board of Director's minutes and internal management meeting minutes in which the Company's depreciation rates or retirement unit costs were discussed.

RESPONSE

A review of the Kentucky Power Company's Board of Directors' minutes did not reflect any discussions regarding the Company's depreciation rates or retirement unit costs.

WITNESS: James Henderson

Kentucky Power Company

REQUEST

Provide copies of all internal correspondence addressing with the Company's retirement unit costs, electric depreciation rates, and/or the Depreciation Study.

RESPONSE

The Company does not catalog or maintain a list of internal correspondence regarding retirement unit costs, electric depreciation rates, and/or the Depreciation Study.

WITNESS: James E Henderson

Kentucky Power Company

REQUEST

Provide copies of all external correspondence, including correspondence with Mr. Henderson, addressing the Company's retirement unit costs, electric depreciation rates, and/or the Depreciation Study.

RESPONSE

There is no external correspondence.

WITNESS: James E Henderson

Kentucky Power Company

REQUEST

Please identify and explain all of Mr. Henderson's prior experience in Kentucky and with Kentucky utilities. List the utility, the Docket Number, the subject of Mr. Henderson's testimony, a summary of the proposal, and the outcome.

RESPONSE

Mr. Henderson filed a depreciation study and related testimony in Case No. 91-066. Mr. Henderson's recommended depreciation rates were adopted in that Case.

WITNESS: James E Henderson

Kentucky Power Company

REQUEST

Provide copies of all industry statistics available to Mr. Henderson and/or the Company relating to electric company depreciation rates.

RESPONSE

Neither Mr. Henderson nor the Company maintains a list of industry statistics relating to depreciation rates.

WITNESS: James E Henderson

Kentucky Power Company

REQUEST

Identify all industry statistics upon which Mr. Henderson relied in formulating the depreciation proposals.

RESPONSE

Mr. Henderson did not rely on industry statistics in formulating the depreciation rates.

WITNESS: James E Henderson

Kentucky Power Company

REQUEST

Provide copies of Mr. Henderson's filed testimony for the three years ending September 2005, excluding the testimony filed in this proceeding.

RESPONSE

Mr. Henderson filed testimony in the following cases. A copy of the testimony is being provided on the attached diskette.

Public Service Company of Oklahoma
Before The Corporation Commission of the State of Oklahoma
Cause No. PUD 200300076

AEP Texas Central Company
Before the Public Utility Commission of Texas
PUC Docket No. 28840
SOAH Docket No. 473-04-1033

WITNESS: James E Henderson